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G-90 General Information Series Issued October 1938

UNITED STATES DEPARTMENT OF AGRICULTURE

AGRICULTURAL ADJUSTMENT ADMINISTRATION

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An American Income for Wheat

Adapted from an address by Henry A. Wallace, Secretary of Agriculture before a meeting of farmers and farm leaders at Hutchinson, Kansas, September 29, 1938

Highlights.—For 2 or 3 years wheat was on tariff stilts, above a world price level that itself was much improved. Now the world level is down and our tariff stilts are of no use to keep our price from slumping down even more.

Based upon the power of Congress to regulate interstate commerce, the Agricultural Adjustment Act of 1938 gives the wheat farmers' program two strong legs to stand on. One leg is their power to control the surplus. The other leg is the provision for parity of income on their normal production of wheat.

I want to drive home to you that with payments of 26 to 30 cents a bushel on your wheat allotment, you cannot as an individual afford to stay out of the program. * * * The greater the degree of cooperation by wheat growers in the acreage program the less the chance that wheat marketing quotas will be needed.

The purpose of the Government's export sales program is to see to it that American wheat growers always have their fair share of the export market for wheat. The aim of this new policy is to maintain our sales of wheat abroad at around 100 million bushels a year.

Do the wheat producers want to trade a program with two strong legs for a soak-the-consumer, sink-the-farmer program that soon would be without any legs at all? If, in their search for an American income for their wheat, they must have price-fixing, then some other way than such a program would be far preferable.

The processing tax is the surest way for wheat farmers to get their fair share of the national income. It could easily and simply make up the difference between the market price and the parity price on the domestically consumed portion of the crop. Such a plan, assuring an American income for their wheat, is simple and workable. We know it will work because it has worked. A processing tax is one thing of importance that is missing from the present farm plan.

To the champions of no action at all, and the reactionary interests which are encouraging and applauding their efforts, I would point out that neither the farmers nor the Federal Government nor the business world can afford again to take the consequences of 30-cent wheat, 12-cent corn, and 5-cent cotton. We want a program which will serve wheat farmers, assist business, and help the Nation.

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What Are the Facts About Wheat?

American wheat farmers have a definite interest in world news because they are back on the export market for wheat. After 4 years of most extraordinary drought they have had 2 years of unusual abundance. They must keep one eye on the world scene—for what happens to the supply of wheat or the demand for wheat in the remotest corner of the globe is of direct concern to them. But they must keep the other eye on what is happening here in the United States. They need to keep both eyes open and alert to the facts that they find.

What are those facts at this time?

Let us look at the domestic wheat picture first:

This year's production of wheat in the United States is estimated at 940 million bushels—one of the two largest crops in the last 20 years and nearly 300 million bushels more than our own domestic needs.

A wheat carry-over of 300 million bushels is in prospect for next July. Such a carry-over is enough to supply food for our domestic consumers for more than 7 months.

The farm price of wheat is now around 50 cents, as compared with 30 cents in 1932, $1.25 two years ago, and pre-war parity of $1.12.

Now let us look at the export picture:

Nearly every wheat-producing country in the world has had a good crop this year.

In the exporting countries, there are nearly 2 bushels of wheat available for every bushel that can be sold in international trade.

The Liverpool wheat price is around 85 cents, compared with 54 cents in 1932 and $1.26 in 1936.

Tariff on wheat does not hold up the price.—Thus we see that since 1936 two things have happened to the price of wheat in the United States. One is the return of our own wheat farmers to the export market. That means that imports of wheat, which were caused by the 4 successive years of drought and crop failure, have practically ceased and the wheat tariff of 42 cents is no longer bolstering the wheat price in this country. The other thing that has happened is the great increase in wheat supplies abroad. In response to that increase, the world price has fallen. For 2 or 3 years we were on tariff stilts, above a world price level that itself was much improved. Now the world level is down and our tariff stilts are of no use to keep our price from slumping down even more.

To anyone who has watched the wheat market closely in the last few years, the fall in the price of wheat is not a surprise. It was bound to come with the return of ordinary weather. I have

repeatedly declared that all the agitation about imports of wheat and corn was agitation over something temporary, that the import issue was a bogus issue raised by enemies of the farmers in an effort to divide farmers and blind them to their real interests, and that just as soon as good weather returned, farmers would be worrying about what to do with their surpluses of these crops. If we had had ordinary yields in the years from 1933 to 1936 on the acreages planted, the production for those years would have averaged 825 million bushels instead of 582 million bushels actually produced.

Now that we have ordinary yields after the drought years we have the price drop which every thoughtful person knew would come. Surpluses are here. Raising the tariff on wheat another notch won't get rid of a single bushel of wheat. Farmers will never be satisfied with bogus help like that.

It was because the return of surpluses seemed inevitable that I called a group of farm leaders together in Washington in February 1937 to consider the need for new legislation providing for an all-weather national farm program. Already, at that time, a record acreage of winter wheat had been planted. This record acreage was in response to the high price of wheat caused by the drought. And, unfortunately, the stimulus to overplanting had come at a time when farmers as a group had no effective means to balance their acreage with available markets. The Supreme Court, in its decision of January 6, 1936, had killed the A. A. A.'s production control program. Under the Soil Conservation Act which followed, any influence of the A. A. A. program on wheat acreage was incidental to the effort to conserve the soil.

In February 1937 we knew that if good weather prevailed, a big crop of wheat would be harvested that year. That is why representative farmers, meeting in Washington, urged Congress to pass new legislation. This was to provide, not control of production but an Ever-Normal Granary plan of control of the surplus. A big crop—874 million bushels—was harvested in 1937. Big wheat plantings a year ago this fall foreshadowed a second big crop this year. The need for control of the surplus began to be apparent to all. Congress responded to the wishes of the people and last February passed the Agricultural Adjustment Act of 1938.

Five years ago, in 1933, Congress gave agriculture a Magna Charta of economic equality. That Magna Charta was struck down by a majority of the Supreme Court. In the act of 1938, I am glad to say, the right of agriculture to its fair share of the national income has now been restored.

New Farm Act gives wheat program two strong legs.—Based upon the power of Congress to regulate interstate commerce, the new Act gives the wheat farmers' program two strong legs to stand

on. One leg is their power to control the surplus. The other leg is the provision for parity of income on their normal production of wheat.

Let me explain how the new act works. Surplus control is made possible through a series of steps that farmers can take. First, through the soil conservation program they can keep their acreage of wheat within the 55 million-acre national wheat allotment that Congress has set. Second, as soon as the loan machinery can be made to work properly, they can store their wheat and get a commodity loan on it from the Government. Third, if in spite of these measures, estimates next May indicate a total supply of wheat on July 1 exceeding normal consumption and exports by more than 35 percent, the law gives wheat farmers an opportunity to use marketing quotas if they wish to do so. The referendum would be held not later than June 10.

Each of these steps is in the true spirit of self-government by the farmers. The first two are completely voluntary, in that the individual farmer can choose whether to come into the soil conservation program or stay out, and can choose whether or not to put his wheat in storage and take a government loan. The third step—use of marketing quotas—would be taken only in extreme emergencies and would not be taken unless approval had been given by two-thirds of the wheat farmers voting in the referendum. In case that two-thirds approval had been given, the quotas would apply to all wheat farmers who normally produce more than 100 bushels of wheat.

Thus, in this act Congress has declared that control of the wheat surplus is essentially a job for wheat farmers to do. They are the ones who suffer most when unsalable supplies pile up. They are the ones who have a real incentive to keep the surplus from driving their prices down once more to the level of 1932. They are the ones who must shoulder the responsibility for keeping the surplus in hand. And, with the aid of their Government, I am confident they can and will do that job.

But power to control the surplus is only one leg of the wheat program and the wheat program can't stand on just one leg.

The reason that control of the surplus, by itself, is not enough is that when we are offering wheat for export, we must meet the price at which our foreign competitors offer their wheat. The result is that, except in short crop years when we are importing instead of exporting wheat, the price of all our wheat, including the part consumed in the United States, tends to be governed by the world price. Through control of our own surplus we can guard ourselves against domestic price collapse, but we cannot hope, through control of our own surplus, to control the price of wheat throughout the world.

Right here I want to point out to those who urge American farmers to hold their price of wheat above the world levels by producing only for domestic consumption that this would mean cutting wheat acreage to about half what it was in 1937. They ignore the fact that the shock of making such an adjustment would be greater than either the wheat farmers or the general public could bear.

Parity payments on 1939 wheat crop.—Because it is not feasible for wheat farmers to get their fair share of the national income through the market place, the act provides their program with another leg. That leg is the provision for parity payments on wheat. Parity payments on the normal production are intended to make up as much of the difference between the market price of wheat and the parity price as available funds will permit. No provision has yet been made by Congress for a regular source of such funds. But, for this year, the sum of 212 million dollars has been appropriated for making parity payments on wheat, corn, cotton, tobacco, and rice. These payments, to be made in 1939, will be contingent upon participation in the 1939 A. A. A. farm program.

With the money from this appropriation and the wheat farmers' share of the 500 million dollars soil conservation fund, a total of not less than 150 million dollars will be available for payments to wheat growers taking part in the A. A. A. farm program in 1939. The payments for which funds are available will represent about 26 to 30 cents a bushel on the normal production of the allotted acreage.

The payments will serve a double purpose. They will make it profitable for wheat farmers to take part in the acreage adjustment program of the A. A. A. And they will put farmers' income from wheat much nearer the parity to which the Agricultural Adjustment Act of 1938 says they are entitled.

The people of the Great Plains who have gone through terrible years of low prices and terrible years of drought and dust know what A. A. A. payments have meant to them since 1933. They have kept the Nation's bread basket full. They deserve a fair return.

Not only does the farmers' wheat program have two strong legs, it has two other parts which might be thought of as arms. One of these is the crop-insurance program authorized under the new Farm Act. The other is the program of surplus purchase financed with tariff revenues under the provisions of section 32 of the 1935 amendments.

Now just a word as to what is being done under the various provisions of the law I have been describing:

First, soil conservation and acreage allotments.—*By staying within their individual acreage allotments for wheat, farmers can carry out their part of the national soil conservation program.* The

national wheat allotment of 55 million acres has been broken down by States and counties, and the county committees have been apportioning these among individual farmers.

By this time most farmers have been notified what their allotments are for 1939. This work has been pushed as rapidly as possible, but, even with the utmost speed, I know there are many farmers who have had to go ahead with seeding their winter wheat crop before they knew what their allotments were. Also, there are doubtless some farmers who wonder if they have been fairly treated in their allotments. I would like to remind all such farmers that the national goal for wheat acreage specified by Congress, while it is only 12 million acres below the 1928–32 average and only slightly below the acreage we aimed at in the 1934 A. A. A. program, is 25 million acres below the plantings of the last 2 years. That means that, if the program is to succeed, almost all wheat growers will have to make substantial adjustments.

I want to assure all the wheat farmers of the country that in my opinion every group that has had a part in determining the allotments has made a sincere effort to see that every farmer's allotment represents his fair share of the 55 million acres.

And I want to drive home to you that with payments of 26 to 30 cents a bushel on your wheat allotment you cannot as an individual afford to stay out of the program.

Some of you will remember a slogan farmers used back in 1933 when the first A. A. A. wheat program was getting under way. That slogan was: "Stand with your neighbor." You all knew that no individual farmer, by himself, could help the situation, but that, acting together, you could lift the millstone of surplus which was crushing you down. What was true in 1933 is just as true today. Stand with your neighbor, and you are bound to come through.

Second, the wheat loan.—*In accordance with the act, a commodity loan on wheat is being offered to farmers by the Commodity Credit Corporation through the regional agencies of the R. F. C.* The loan, at 52 percent of parity, averages slightly less than 60 cents a bushel, with variations according to distance from the terminals.

The wheat loan is not intended as just another Farm Board price-fixing proposition. Its purpose is to help farmers hold their wheat until they really want to sell. The wheat loans have been slow. But now they are beginning to move. They are beginning to play their part in the farm program. This year when the wheat farmers have been hit by a huge surplus, when the speculators have stood waiting to make a killing, the wheat loan in spite of its faults will be of real value if the loans can be got out in volume to the farmers.

I want to say frankly that the wheat-loan program this year has been a headache for all of us, and I'll tell you some reasons why. For

one thing, the procedure of the long-established financing institutions, combined with the regulations commonly known as "Government red tape," is new and strange to many farmers. The methods of the county committees and county agents seem better adapted to working with farmers, and such methods as these should be used more and more. Recent rulings of the Commodity Credit Corporation will go a long way to shift toward more direct ways of getting things done. The procedure should be made so that the rank and file of farmers can be assisted to get loans quickly and can secure any help they need in analyzing all the forms and regulations. That situation can be and is being remedied.

Then there is another obstacle. That is the resistance to the loan from certain elements of the wheat trade. While I believe the major part of the grain trade has cooperated to make the loan program a success, this is not universally true. Farmers, especially in one or two States, have written us saying it is a matter of common knowledge that most elevators in their areas have refused flatly to accept loan wheat for storage. In some other places, indirect attempts have been made to undermine the wheat loans and make it fail.

There is a remedy for this situation, too. That remedy has been applied by the Federal Government in areas where no other way was open to get the benefit of the loan program to farmers who were barred out by elevator practice. The remedy is to step in and buy wheat at the loan rate from farmers who are cooperating in the A. A. A. program. It works wherever it is tried.

But the most important factor in the wheat loan problem has been just that it is a giant pioneering job. Who can think of a much bigger task than the making of loans on a wheat crop of nearly 1 billion bushels like this year's? We cannot simply wave a wand and overnight have the wheat loan money reach farmers scattered over the entire Nation. A pioneering work such as this always means a lot of trouble for the pioneers. But these troubles teach us many lessons. We know now what the technical problems are and what dangers of delay must be guarded against. We know we ought to have a lot more facilities for farm storage of wheat and we ought to start right now to get them. We know we cannot depend on getting cooperation from those interests which look on the loan program as merely something on which they can fatten, instead of as a chance to help the farmer get a fair return on his crop. And knowing these things we can take whatever action we have to in order to do the job.

Third, marketing quotas.—*This provision of the law is now in use by cotton and tobacco growers but has not yet been needed by growers of wheat, corn, or rice.* As I said a few minutes ago, a referendum on wheat quotas may have to be held next June. The

greater the degree of cooperation by wheat growers in the acreage program the less the chance that wheat marketing quotas will be needed.

In one respect, the wheat marketing quotas would operate differently than the quotas for any of the other four commodities. Wheat quotas would involve farmers in all parts of the United States. In some States wheat is not the all-important crop it is in Kansas and the other States of the Great Plains. There is some question whether farmers who plant wheat simply as part of a rotation would ever be interested in using marketing quotas, no matter how big the surplus or how low the price. I think farmers in the Grain Belt should consider this aspect of the wheat quota provision and make up their minds whether they would like to have them apply only to commercial wheat areas, as the corn quotas would apply only to commercial corn areas. Of course, if commercial wheat farmers are going to bear the main burden of surplus control, they ought to be given corresponding advantages.

Fourth, crop insurance.—*This program, based on the records of yield and production we have obtained through the A. A. A. programs, is just getting under way.* It gives wheat farmers an opportunity to eliminate the risk in their business that is due to fluctuations in yield from year to year. Eventually, if enough farmers buy crop insurance on wheat, this program may go a long way to stabilize the wheat industry. About 200 thousand winter wheat farmers and more than 60 thousand spring wheat farmers have applied for crop insurance so far.

Fifth, surplus removal and expansion of markets.—*Wheat and flour are being bought by the Federal Surplus Commodities Corporation for relief distribution in this country.* In June, July, and August a million barrels of surplus flour, graham flour, and whole-wheat cereal were taken out of the surplus bearing down on the farmer and distributed to 2.6 million families on relief—as many people as the population of New York and Chicago combined. The possibilities for added consumption in this country are limited, but farmers want to be sure that everyone in the United States has enough bread to eat before they take steps to adjust their production or dispose of any wheat at a sacrifice abroad.

Since July 1 the total amount of wheat including flour exported from this country totaled about 30 million bushels. Of this amount, about 10 million bushels have resulted from the Government's new export sales policy. The purpose of the Government's export sales program is to see to it that American wheat growers always have their fair share of the export market for wheat. This is the same objective the United States had in 1933—the last previous year of

big wheat surplus—when it led the way in bringing about the world wheat agreement.

Other exporting countries are subsidizing exports of wheat by their own producers, and our Government has found it necessary to take similar steps to safeguard our farmers' interests in the world wheat trade. The aim of this new policy is to maintain our sales of wheat abroad at around 100 million bushels a year. And along with it, the aim of our Ever-Normal Granary policy is to see that we have this much wheat available for export each year.

Under these two policies, our wheat-growing industry is simply taking a leaf out of the experience of a merchant who has been in business for a long time. Such a merchant always has goods to sell so he can keep his trade, but he also wants to be sure of his trade so he can move his goods. Through this policy, you as wheat growers can do a merchandising job.

Considered in relation to foreign trade policies that are beneficial to agriculture, the limited export subsidy is the exception rather than the rule. In general, farmers have most to gain by supporting Secretary Hull's trade agreement program. If all nations use export subsidies, these measures are self-defeating. In effect, such measures mean international price-cutting, and price wars in international trade are equally as disastrous as they are in private business.

Now, just as in 1933, our Government is doing all it can to persuade other wheat-exporting nations to join in what might be called an international ever-normal granary plan—that is, a plan to stabilize the amounts of wheat offered on the world market by each nation year after year. Only through such a plan can the world price of wheat be brought to a level that will give the wheat producers of the world a fair return.

Every plan farmers adopt to meet surplus situation is opposed.—I am sorry to say that the export sales plan for wheat has been bitterly criticized by the same seaboard interests that have always opposed any efforts by the farmers to balance their production with demand. These interests have sought farmer support for the trade agreement program, but they have consistently fought the farmers' own program. They would deny to farmers any effective means to control the wheat surplus, and then when the farmers produce a crop 300 million bushels above domestic needs, and have such a huge surplus that, even with the trade agreement program, adequate outlets cannot be found for it through ordinary trade channels, they would deny to farmers the use of any other means to dispose of their surplus. Some people, it seems, like to see the farmers speared both through the stomach and through the head, and then express surprise when they wiggle.

The only conclusion I can reach is that these interests do not want the farmers to have any program at all. Evidently they want the Nation to go back to the heartless method of 1932, of balancing farm production with demand by starving the farmers off their farms. But, if I judge the temper of farmers correctly, you are not going back either to the methods or to the leadership that took you down that road of misery in 1932.

Within the last few months, however, there has been much discussion among farmers of the possibilities of price-fixing as a substitute for the present farm program. Some farmers are saying, "Why bother with all the red tape of acreage allotments and payments? Why not have the Government simply fix the price at cost of production on the part of the crop consumed in this country and let the rest be sold in the world market for whatever it will bring?"

I can understand this point of view, and I share the feeling back of it. No one is more strongly in favor of farmers getting their fair share of the national income than I am. But I want to see farmers have a program that will really work over a period of years. I don't want to see them go for a brief joyride that will bring a terrible hang-over on the morning after.

A "soak-the-consumer, sink-the-farmer" plan.—Let us take a moment to examine one of the most frequently discussed legislative proposals to fix prices by a plan of this sort. It would direct the Federal Government, either through the Secretary of Agriculture or a special corporation set up for the purpose, to determine the size of the prospective crop and the amount of domestic demand for it. Then, with these amounts determined, each farmer would be told how much of his crop he could sell at the cost-of-production price. To see that farmers received this price, dealers would be licensed by the Government or would be made agents of the Government corporation. To keep foreigners from sending their products here to take advantage of our attractive cost-of-production price, the bill provides for adjusting the tariff upward.

Now, how would the plan work in actual practice? Suppose the cost-of-production price for domestically consumed wheat was set at $1.30. Suppose the export price was 30 cents. If you knew that on some portion of your crop you could receive $1.30 a bushel, what would you do? You know perfectly well what you would do. You would plant every last acre you could, so you would have as many bushels as possible to sell at the attractive $1.30 price. All other farmers would do likewise. Soon the stocks of wheat in the elevators of the Nation would grow and grow.

That would be fine if export markets could be found for all the wheat that could not be sold at home. But we are not finding it easy

now to dispose of 100 million bushels of wheat abroad; and at the very time that greater export markets were needed, foreign trade would shrink. It could not help shrinking when we ourselves were raising our tariff barriers higher. Much of the surplus wheat, unsalable abroad at any price, would pile up in this country.

Bootlegging of wheat at less than the cost-of-production price would inevitably follow. Even though every handler and processor were licensed, and even though the Federal Government sent out an army of inspectors to watch them, violations of the law would be widespread.

If it survived the first year, some time the second or third year the whole plan would inevitably break down. And when it collapsed, what condition would agriculture find itself in—with huge surpluses of every storable commodity piled up, with millions of acres that had been in sod planted to cultivated crops, and with farm prices in the cellar? You know as well as I do. Agriculture would be prostrate, and business in the Nation would be prostrate, too.

Do the farmers of the United States want a farm program like that? Do the wheat producers want to trade a program with two strong legs for a soak-the-consumer, sink-the-farmer program that soon would be without any legs at all?

If, in their search for an American income for their wheat, they must have price-fixing, then some other way would be far preferable. For example, a plan might be worked out whereby the Government would buy at a fixed price, such as parity, all the wheat produced on their acreage allotments by farmers cooperating in the farm program. A certain portion of this wheat could be made available for domestic consumption at a price that would get back what the Government has paid for it. Other wheat, produced by noncooperators, could be taxed enough to deprive it of any competitive price advantage. Any surplus would be available for export to maintain our fair share of the world trade in wheat, or to maintain an ever-normal granary.

Such a plan would mean a virtual monopoly by the Government of the Nation's wheat marketing system. But at least wheat production could be prevented from skyrocketing and prices could be fixed in such a way that they would stay fixed.

I am not advocating such a plan. I am simply pointing out that, if the people of the United States don't mind having the Government take over an important part of the business system, it would be a more workable way of fixing farm prices at parity, and it would be no more costly than the other plan that I have discussed.

Restoration of processing tax recommended.—One reason I am not advocating such a plan is that I don't think it is necessary in

order to give wheat farmers parity income on their wheat. There is a simpler way. It is the method that was in effect for 2½ years previous to the *Hoosac Mills* decision of the Supreme Court in 1936. The processing tax is the surest way for wheat farmers to get their fair share of the national income. It could easily and simply make up the difference between the market price and the parity price on the domestically consumed portion of the crop. Under that system farmers cooperating in the A. A. A. program from 1933 to 1935 were assured of the equivalent of parity price. They got part of their price from the market place, and the rest from the Government in benefit payments. The program was self-financing and did not unbalance the Budget.

Why not use this kind of tax once more to finance the parity payments for which the new act provides? To wheat farmers, I would point out that such a plan, assuring an American income for their wheat, is simple and workable. We know it will work because it has worked. To processors and handlers, I would point out that the bother of collecting the tax from the consumer and paying it to the Government would be as nothing compared with the regimentation they would get under almost any price-fixing scheme which might be adopted. To consumers, I would point out that a tax of 30 cents a bushed on wheat would mean only half a cent on a pound loaf of bread and, since the tax would be levied only when the price of wheat was less than parity, would easily be absorbed in the retail price in such a way as to preserve the principle of fair exchange value. And to all farmers, consumers, business men, lawyers, and others interested in a balanced Budget, I recommend the use of such a tax as the basis for a sound and self-financing program of farm parity payments.

A processing tax is one thing of importance that is missing from the present farm plan. It would make both legs of the wheat program even stronger than they are now. It would help assure surplus control by assuring a continuing source of revenue to finance the program. It would help assure parity of income by assuring a continuing source of revenue for parity payments.

Opposition endangers program.—Now let us review the alternatives that the wheat farmers have to choose from. First is the present farm program. This is just now being placed in effect for wheat. It could be strengthened by giving farmers parity payments financed by a processing tax plan. Next is the soak-the-consumer, sink-the-farmer plan of price-fixing by regimentation, with its disastrous consequence both for agriculture and business. Third is a more workable plan of price-fixing, if some such plan is to be tried, calling for a Government monopoly of the grain business, fixing prices on domestic sales and selling surpluses abroad.

The fourth alternative is to discard the present farm program by agitating for whatever substitute will serve as a stalking horse until the present program can be scuttled. Then the stalking horse can be sent to the graveyard, too. This is the aim of the rugged individualists. They want the farmers to hurry back to cutthroat competition, back to the conditions that brought 1932.

According to news dispatches from Kansas appearing in the eastern press, a systematic campaign is afoot right here in Kansas. The Liberty League is reported to be "quietly" getting farmers in 20 counties in this State to sign a petition asking that the Farm Act be repealed. In other parts of the country attempts of the same kind to break down the farm program are under way. The object is to destroy, on vague promises of a substitute, the basic farm laws that it took the farmers of the United States 20 years of ceaseless struggle to get. These attacks are launched in the heart of the Wheat Belt, where the need for the farm program is greatest and where its loss would hurt farmers and hurt business the worst. These attacks are launched before the new wheat program has even been tried. Remember the wheat program will not become effective until acreage has been adjusted next year.

To the champions of no action at all, and the reactionary interests which are encouraging and applauding their efforts, I would point out that neither the farmers nor the Federal Government nor the business world can afford again to take the consequences of 30-cent wheat, 12-cent corn, and 5-cent cotton. And with world conditions as they are today, barring world-wide conflagration, we are quite possibly headed for even lower prices if the present farm program is cast aside.

I believe that when you study the alternatives you will fight for the program that you have. I believe you will want to do everything you can to make certain that it is improved and buttressed with parity payments and a processing tax. I believe you will choose to stand with your neighbors in carrying on your program. We want and should have the equivalent of an American price for wheat. We want a program which will serve wheat farmers, assist business, and help the Nation.

U. S. GOVERNMENT PRINTING OFFICE: 1938